

Federal Budget 2018-19

This year the Federal Budget 2018-19 is non-conventional as compared to the last four year's budgets, where the government presented a popular budget with an eye on the upcoming general elections. According to budgetary documents, total subsidies for the fiscal year 2018-19 have been estimated at Rs174.75 billion, which increased by 25.9%, and 18.4% over the budget and revised estimates of 2017-18.

In the budget five export sectors namely textiles, leather, sports goods, surgical goods and carpets shall continue to remain in zero-rated sales tax regime.

In the Federal Budget 2018-19 several positive steps taken to facilitate general trade and industry like continuation of Tax Credit on BMR on new investment / establishment of new industry; reduction in tax slabs; curtailment of discretionary power of tax collectors and reverted back to the Federal government instead of FBR with the approval of Minister-Incharge; reduction of customs duties on certain items; rationalization and reduction of tax rates for individuals, AOPs and Companies.

All Pakistan Textile Mills Association (APTMA) has deeply disapproved the proposed Federal Budget 2018-19. It says, the government is not serious about implementing the Rs180 billion Prime Minister's export led growth package as till now only Rs1 billion has been released by the State Bank of Pakistan.

The government is expecting exports to grow in the financial year 2018-19 on the premise of incentives announced in the budget. The export package drew a poor response from exporters, who termed it insignificant to boost export proceeds from the country.

In the budget speech, no assurance was made about continuing the cash export subsidies under the prime minister's package scheme in the next fiscal year. However, the outcome of the package in terms of increase in exports in the past nine months was highlighted.

A few measures announced in the budget speech focus on continuation of past policies, especially those related to tariff rationalization. The tariff reduction on industrial raw materials will increase competitiveness of exports and help in reducing the current account deficit.

Member Customs Zahid Khokhar said the duty reduction will cost over Rs1.5 billion in revenue to customs collection. However, he said the measures will promote exports of these industries.

Budget documents show the government is working on a new package to encourage exports. Keeping in view the prevailing circumstances, this package will focus on increase non-traditional and value-added exports.

As part of the package, government has withdrawn 11% customs duty on synthetic filament tow of acrylic or mod-acrylic by inclusion in the Prime Minister's Export Package.

The proposed plan announced in the budget for clearance of export sector refunds has drawn criticism from almost all sectors. As per the plan, currently pending refund claims will be cleared in a phased manner over the next 12 months starting July 1, 2018. But exporters were disappointed in the government for not providing a roadmap to clear past refunds.◆

